



Sen. Kimberly A. Lightford

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LRB096 18677 NHT 37927 a

1 AMENDMENT TO SENATE BILL 3681

2 AMENDMENT NO. _____. Amend Senate Bill 3681 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The School Code is amended by changing Section
5 1A-8 as follows:

6 (105 ILCS 5/1A-8) (from Ch. 122, par. 1A-8)

7 Sec. 1A-8. Powers of the Board in Assisting Districts
8 Deemed in Financial Difficulties. To promote the financial
9 integrity of school districts, the State Board of Education
10 shall be provided the necessary powers to promote sound
11 financial management and continue operation of the public
12 schools.

13 The State Superintendent of Education may require a school
14 district, including any district subject to Article 34A of this
15 Code, to share financial information relevant to a proper
16 investigation of the district's financial condition and the

1 delivery of appropriate State financial, technical, and
2 consulting services to the district if the district (i) has
3 been designated, through the State Board of Education's School
4 District Financial Profile System, as on financial warning or
5 financial watch status, (ii) has failed to file an annual
6 financial report, annual budget, deficit reduction plan, or
7 other financial information as required by law, ~~or~~ (iii) has
8 been identified, through the district's annual audit or other
9 financial and management information, as in serious financial
10 difficulty in the current or next school year, or (iv) is
11 determined to be likely to fail to fully meet any regularly
12 scheduled, payroll-period obligations when due or any debt
13 service payments when due or both. In addition to financial,
14 technical, and consulting services provided by the State Board
15 of Education, at the request of a school district, the State
16 Superintendent may provide for an independent financial
17 consultant to assist the district review its financial
18 condition and options.

19 The State Board of Education, after proper investigation of
20 a district's financial condition, may certify that a district,
21 including any district subject to Article 34A, is in financial
22 difficulty when any of the following conditions occur:

23 (1) The district has issued school or teacher orders
24 for wages as permitted in Sections 8-16, 32-7.2 and 34-76
25 of this Code.†

26 (2) The district has issued tax anticipation warrants

1 or tax anticipation notes in anticipation of a second
2 year's taxes when warrants or notes in anticipation of
3 current year taxes are still outstanding, as authorized by
4 Sections 17-16, 34-23, 34-59 and 34-63 of this Code, or has
5 issued short-term debt against 2 future revenue sources,
6 such as, but not limited to, tax anticipation warrants and
7 general State Aid certificates or tax anticipation
8 warrants and revenue anticipation notes.†

9 (3) The district has for 2 consecutive years shown an
10 excess of expenditures and other financing uses over
11 revenues and other financing sources and beginning fund
12 balances on its annual financial report for the aggregate
13 totals of the Educational, Operations and Maintenance,
14 Transportation, and Working Cash Funds.†

15 (4) The district refuses to provide financial
16 information or cooperate with the State Superintendent in
17 an investigation of the district's financial condition.

18 (5) The district is likely to fail to fully meet any
19 regularly scheduled, payroll-period obligations when due
20 or any debt service payments when due or both.

21 No school district shall be certified by the State Board of
22 Education to be in financial difficulty solely by reason of any
23 of the above circumstances arising as a result of (i) the
24 failure of the county to make any distribution of property tax
25 money due the district at the time such distribution is due or
26 (ii) the failure of this State to make timely payments of

1 general State aid or any of the mandated categoricals; or if
2 the district clearly demonstrates to the satisfaction of the
3 State Board of Education at the time of its determination that
4 such condition no longer exists. If the State Board of
5 Education certifies that a district in a city with 500,000
6 inhabitants or more is in financial difficulty, the State Board
7 shall so notify the Governor and the Mayor of the city in which
8 the district is located. The State Board of Education may
9 require school districts certified in financial difficulty,
10 except those districts subject to Article 34A, to develop,
11 adopt and submit a financial plan within 45 days after
12 certification of financial difficulty. The financial plan
13 shall be developed according to guidelines presented to the
14 district by the State Board of Education within 14 days of
15 certification. Such guidelines shall address the specific
16 nature of each district's financial difficulties. Any proposed
17 budget of the district shall be consistent with the financial
18 plan submitted to and approved by the State Board of Education.

19 A district certified to be in financial difficulty, other
20 than a district subject to Article 34A, shall report to the
21 State Board of Education at such times and in such manner as
22 the State Board may direct, concerning the district's
23 compliance with each financial plan. The State Board may review
24 the district's operations, obtain budgetary data and financial
25 statements, require the district to produce reports, and have
26 access to any other information in the possession of the

1 district that it deems relevant. The State Board may issue
2 recommendations or directives within its powers to the district
3 to assist in compliance with the financial plan. The district
4 shall produce such budgetary data, financial statements,
5 reports and other information and comply with such directives.
6 If the State Board of Education determines that a district has
7 failed to comply with its financial plan, the State Board of
8 Education may rescind approval of the plan and appoint a
9 Financial Oversight Panel for the district as provided in
10 Section 1B-4. This action shall be taken only after the
11 district has been given notice and an opportunity to appear
12 before the State Board of Education to discuss its failure to
13 comply with its financial plan.

14 No bonds, notes, teachers orders, tax anticipation
15 warrants or other evidences of indebtedness shall be issued or
16 sold by a school district or be legally binding upon or
17 enforceable against a local board of education of a district
18 certified to be in financial difficulty unless and until the
19 financial plan required under this Section has been approved by
20 the State Board of Education.

21 Any financial profile compiled and distributed by the State
22 Board of Education in Fiscal Year 2009 or any fiscal year
23 thereafter shall incorporate such adjustments as may be needed
24 in the profile scores to reflect the financial effects of the
25 inability or refusal of the State of Illinois to make timely
26 disbursements of any general State aid or mandated categorical

1 aid payments due school districts or to fully reimburse school
2 districts for mandated categorical programs pursuant to
3 reimbursement formulas provided in this School Code.

4 (Source: P.A. 96-668, eff. 8-25-09.)

5 Section 99. Effective date. This Act takes effect upon
6 becoming law.".